that appear to be designed to develop nuclear weapons.

S. RES. 253

At the request of Mr. NELSON of Florida, the name of the Senator from Georgia (Mr. MILLER) was added as a cosponsor of S. Res. 253, a resolution to recognize the evolution and importance of motorsports.

S. RES. 262

At the request of Ms. SNOWE, the name of the Senator from Virginia (Mr. ALLEN) was added as a cosponsor of S. Res. 262, a resolution to encourage the Secretary of the Treasury to initiate expedited negotiations with the People's Republic of China on establishing a market-based currency valuation and to fulfill its commitments under international trade agreements.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. ENZI (for himself, Mr. REID, Mr. ENSIGN, Mrs. BOXER, Mr. ALLEN, Mrs. MURRAY, Mr. ALLARD, Mr. BURNS, and Mr. SMITH):

S. 1890. A bill to require the mandatory expensing of stock options granted to executive officers, and for other purposes; to the Committee on Banking, Housing, and Urban Affairs.

Mr. ENZI. Mr. President, I rise to introduce the Stock Option Accounting Act. This bill has been a long time in the making. It is a strong bipartisan bill that addresses the important role stock options play in our economy.

As an Accountant, and as a member of the Senate who was a small businessman for many years, I tend to believe most of the issues we address in Congress should be examined with an eye toward preserving the strength and integrity of our small business sector, and ensuring that the regulations that govern it are fair and preserve and promote, rather than discourage, innovation and competition.

I think that's something we can all agree on, so I know I won't have to go into too much detail about the importance of our small business sector, especially our small, high tech businesses. When it comes to small businesses, especially our high technology centers, we truly are the envy of the world. Our talented and creative engineers and inventors have paved the way for innovations in advanced technologies and computer software that other countries will always try to imitate.

Here in the United States, our Small Business Administration is well aware of the importance of that sector to our Nation's economy. Nearly 23 million strong, small businesses represent more than 99.7 percent of all employers, employ more than half of all private sector employees, generate 60 to 80 percent of net new jobs annually, create more than 50 percent of nonfarm private gross domestic product (GDP) and produce 13 to 14 times more patents per employee than large patenting firms.

Last week, I chaired a hearing in the Banking Committee's Subcommittee on Securities and Investment that featured testimony from the Financial Accounting Standards Board (FASB) and the small business community. It became quite evident during the hearing that FASB is ill equipped to conduct economic impact studies of the accounting standards that it adopts even through its one of their precepts. FASB may be able to conduct a cost analysis of an accounting standard proposal determining the costs of computers and additional manpower necessary to implement a new statement. But, it does not have the expertise to look at the comprehensive impact a new standard may have on the economy.

In addition, as the hearing progressed, it was evident that FASB is not listening to small businesses, and not taking their concerns seriously about a standard that FASB Board members stated was ''set in concrete'' prior to an official comment period on any draft proposal.

At the hearing, small business witnesses testified about how they are worried that the expensing of stock options would make this form of employee compensation prohibitive. They said it would make it very difficult if not impossible to attract and retain talented employees. It would also have a detrimental effect on the entrepreneurial nature and spirit of our country. In all of my years listening on this issue, not one small business owner has spoken in favor of expensing stock options.

After the hearing, I was more convinced than ever that legislation like this bill was needed to address the issue of the expensing of stock options.

A key element of FASB's current structure is its independence and I want to make it clear that I support that principle. FASB's independence, like freedom, must be earned—and it's independence does not provide a shield that absolves FASB of accountability and due process.

When it comes to the issue of stock options, a case can be made that FASB took up the project with a pre-ordained result in mind. It's no surprise, therefore, that the process that was established to pursue the matter seems to reflect a project that was begun with the end in mind. There is enough evidence there to at least make one wonder.

First, FASB doesn't seem to have given much consideration to the more than 200 public comment letters they received. The public comments made by FASB Board Members seem to also reflect a skewed process, as does the lack of response to the many high tech companies that have visited with FASB in the past several months. In addition, FASB has refused to conduct real road tests to actual valuation methods.

According to the FASB website ''Facts about FASB 2003–2004,'' the Board follows certain precepts in the conduct of its activities. They are: 1. To be objective in its decision making and to ensure, insofar as possible, the neutrality of information resulting from its standards. To be neutral, information must report economic activity as faithfully as possible without coloring the image it communicates for the purpose of influencing behavior in any particular direction. 2. To weight carefully the views of its constituents in developing concepts and standards. However, the ultimate determinant of concepts and standards must be the Board's judgment, based on research, public input and careful deliberation about the usefulness of the resulting information. 3. To promulgate standards only when the expected benefits exceed the perceived costs. While reliable, quantitative cost-benefit calculations are seldom possible, the Board strives to determine that a proposed standard will meet a significant need and that the costs it imposes, compared with possible alternatives, are justified in relation to the overall benefits. 4. To bring about needed changes in ways that minimize disruption to the continuity of reporting practice. Reasonable effective dates and transition provisions are established when new standards are introduced. The Board considers it desirable that change be evolutionary to the extent that it can be accommodated by the need for relevance, reliability, comparability and consistency. 5. To review the effects of past decisions and interpret, amend or replace standards in timely fashion when such action is indicated.

Precept number 3 greatly interests me. I am very concerned that FASB has repeatedly refused to consider the economic consequences of its decisions. The mandatory expending of all employee stock options has serious economic, labor, trade and competitiveness implications. These issues fall squarely within the jurisdiction and oversight of Congress. It's not hard to imagine what would be said of Congress if we failed to take note of the economic implications of the actions we take on the floor.

Simply put, at the end of the day, if FASB is going to earn its independence, it will have to adhere to a process that is objective, fair, open and balanced. So far, FASB seems to be more concerned about getting the job done—than in getting it right.

That is why I am offering legislation that will expense the stock options given to the top five executives of a company, exempt small businesses and start up companies, and set conditions for the expensing of broad-based options for the remaining employees. I treat the three groups differently in this matter because a very real and strong accounting distinction exists between the two types of workers.

First of all, in a very real sense the top five executives of an organization

are different from the general employee group in the manner in which they are treated by the SEC and the manner in which their compensation is defined and distributed from an accounting perspective.

The top five executives, for instance, are treated differently when it comes to their compensation and a wide range of other matters. Proxy rules, for instance, require significant additional disclosures from the top five executives than they do of any other group.

Second, from an accounting perspective, there is a clear distinction between executives and the broad employee group. In their recent book, In the Company of Owners, Professor Joseph Blasi and Douglas Kruse concluded, based on extensive research, that options granted to all but the top executives in a company are not labor income, but a form of capital income.

To quote from their book, ''They represent risk sharing profits that workers receive on top of their normal market wages and benefits. As such, it makes little sense to deduct the value of those options from profits.''

In addition, Blasi and Kruse found that, ''options turn employees into economic partners in the enterprise. As such, they stand to share in the stock appreciation that they help to bring about. . . . Options provide an additional dimension to their employment relationship, allowing workers to participate in both the risks and the rewards of property ownership. . . . There's substantial economic evidence that options bring workers capital rather than labor income. . . . The earnings workers get from options comes on top of their regular market wage.''

In contrast, options for top executives function more as labor income, particularly in companies without broad based option plans. These top executives bargain for their entire ''compensation'' package and, in many cases, stock options represent a large part of the total package. Their negotiations about compensation are distinctly different than other employees.

That brings me to our bill and its purpose—or, to continue with my line of reasoning—If these two groups should be compensated differently for their efforts when it comes to stock options, how should it be done?

Our legislation would mandate a valuation method of the options given to the top five executives that does not require companies to predict their future stock price volatility. One of the members of the Option Valuation Group, Fred Cook, appointed by the FASB strongly recommended this method—one where stock price volatility is set at zero so that companies don't have to use a crystal ball and try to predict their future stock price.

Another key principle in our legislation is the requirement that FASB develop a method of ''truing up''—or correcting errors—that are made when stock option estimates are made at grant date. There are several other areas where estimates are made in financial statements, and then corrected over time as the precise facts are learned. Today, no such corrections are made in the stock options area—a fundamental flaw in the system.

To address these issues, the bill has three major components. First, the bill would target executive compensation. A company would be required to expense immediately options of the top five highly compensated individuals at a company. The Securities and Exchange Commission already requires this information in annual statements and proxy statements. In addition, it would provide investors with a clearer understanding of the stock options of top company officials. This also would work in conjunction with the self-regulatory organization's rules, approved last week by the Securities and Exchange Commission, to require shareholder approval of stock option plans.

Second, small business would be exempt from expensing stock options. The exemption for small businesses would follow the current SEC rules for defining small businesses. The bill would allow small companies a 3-year grace period after an initial public offering prior to a company being required to expense stock options. This would allow a sufficient period of time to work out any initial volatility after the initial public offering.

Finally, the bill would not permit the Securities and Exchange Commission to recognize a stock option expensing standard unless two things happen. First, companies must be able to recognize the true expense of stock options on their financial statements. Currently, FASB wants companies to expense stock options upon the grant date of an option. Unfortunately, the current valuation models for stock options, Black-Scholes, binomial, Crystal Ball, and others, are horrible indicators of the true cost to a company stock options.

The bill would require that a company be able to ''true-up'' its financial statements when a stock option is exercised, lapses or is forfeited. If the cost goes up then the company must record the increase when an option is exercised. Likewise, if an option lapses or is forfeited then a company should be able to wipe those previously taken expenses off its balanced sheet. This is only fair.

The second item prior to an accounting standard to be recognized is the completion of an economic analysis study by the Secretary of Commerce and the Secretary of Labor. This study would look at how the use of stock options may stimulate economic growth in our nation's economy. In addition, the study would relate how stock options expensing could effect the competiveness of U.S. companies in international markets.

I strongly believe that this bill is essential to our economic strength. It is clear that FASB is not listening to small business and therefore is not listening to the future of our country. FASB is therefore ill equipped to make the economic analysis decisions to determine the true effect of stock option expensing on our economy.

In addition, the bill also targets the invasion's need for greater information on executive compensation. I ask my colleagues to take a serious look at this bill and to support its passage.

I ask unanimous consent that a summary of the bill be printed in the RECORD.

There being no objection, the summary was ordered to be printed in the RECORD, as follows:

SUMMARY OF KEY PROVISIONS OF THE ENZI-REID STOCK OPTION ACCOUNTING REFORM ACT

MANDATORY EXPENSING OF STOCK OPTION HELD BY HIGHLY COMPENSATED OFFICERS

The legislation requires that the chief executive officer and the next four most highly compensated executive officers shall expense their stock options in the annual reports filed with the Commission.

Expensing the options granted to the CEO and next four most highly compensated executive officers would go into effect immediately.

This is consistent with information that must be filed with the Commission as part of Securities Exchange Commission Regulation S–K and part of proxy statement filings pursuant to Securities Exchange Act Rule 14.

The section would require that the ''fair value'' of a stock option would be equal to the value that would be agreed upon by a willing buyer and seller taking into account all of the characteristics and restrictions imposed upon the stock option.

In light of the extreme inaccuracy of existing stock valuation models (e.g., Black Scholes, binomial, etc.), particularly with regard to the factor that requires companies to predict the volatility of their stock price, the legislation requires that the assumed volatility of the underlying stock option shall be considered zero.

SMALL BUSINESS EXEMPTION

The legislation exempts from the top five expensing requirement all small businesses as defined currently by the Securities and Exchange Commission pursuant to Regulation S–B.

The legislation also delays stock option expensing of a small business issuer until three years after an initial public offering has taken place. This would allow a small business issuer's stock to settle down from the initial volatility of the initial public offering.

PROHIBITION ON EXPENSING; ''TRUING UP'' REQUIREMENT; AND ECONOMIC IMPACT STUDY

The legislation prohibits the SEC from recognizing any stock option expensing accounting standard set by a standard setting body unless and until: 1. The expensing standard recognizes the true expense of the stock option on a company's financial statement when the option is exercised, expires or is forfeited, a ''truing up'' requirement; and 2. A comprehensive economic impact study has been conducted by the Departments of Commerce and Labor.

As to the first requirement above, currently, stock options must be expensed based upon the grant date of the option. There is no ''truing up,'' or correcting, errors made at the time of grant when subsequent events prove the initial estimates to be inaccurate. The legislation requires that when an option is exercised, expires or is forfeited, the company would reconcile the actual expense to

the company to the amount expensed previously upon the date of grant.

As to the second requirement, the legislation requires the Secretary of Commerce and the Secretary of Labor to conduct and complete a joint study on the economic impact of the mandatory expensing of all employee stock options. The study will address: 1. the use of broad-based stock option plans in expanding employee corporate ownership to workers at a wide range of income levels with particular focus on non-executive workers; 2. the role of such plans in the recruitment and retention of skilled workers; 3. the role of such plans in stimulating research and innovation; 4. the effect of such plans in stimulating the economic growth of the United States; and 5. the role of such plans in strengthening the international competitiveness of United States' businesses.

Mr. REID. Mr. President, I want to thank Senators ENZI, ENSIGN, BOXER, and ALLEN for their hard work and continued efforts on this issue.

It is with pleasure that I introduce bipartisan legislation, the Stock Option Accounting Reform Act of 2003, that is good for economic growth and the American way.

We have to protect investors and stockholders by ensuring that our Nation's accounting standards are transparent, open and balanced. At the same time, we don't want to choke the entrepreneurial spirit of start-up companies with too much bureaucratic red tape.

This legislation achieves just the right balance. It gives regulators a framework to protect the integrity of the accounting process, but it doesn't stifle free enterprise.

This bill requires a joint study by the Department of Labor and Department of Commerce to help FASB (Financial Accounting Standards Board) treat stock options fairly. It will help regulators valuate stocks for accounting purposes. It will curb stock option abuse by requiring the top five executives at large companies to expense their options. This will provide a true picture of a company's financial health.

Finally, it will protect small businesses and start-ups that rely upon stock options to attract good employees.

This bill is good for emerging companies and good for consumers. It's a balanced approach that deserves broad bipartisan support.

By Mr. BAYH:

S. 1892. A bill to provide information and advice to pension plan participants to assist them in making decisions regarding the investment of their pension plan assets, and for other purposes; to the Committee on Finance.

Mr. BAYH. Mr. President, I ask unanimous consent that the text of the bill be printed in the RECORD.

There being no objection, the Bill was ordered to be printed in the RECORD, as follows:

S. 1892

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. NOTICE OF HIGH CONCENTRATION OF PENSION ASSETS IN EMPLOYER SECURITIES.

(a) IN GENERAL.—Section 105 of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1025) in amended by adding at the end of the following new subsection:

''(e) NOTICE OF HIGH CONCENTRATION OF PLAN ASSETS IN EMPLOYER SECURITIES.—

''(1) IN GENERAL.—In the case of an individual account plan to which this subsection applies, if the percentage of assets in the individual account that consists of employer securities and employer real property exceeds 50 percent of the total account, the plan administrator shall include with the account statement a notice that the account may be overinvested in employer securities and employer real property. Any determination under this paragraph shall be made as of the most recent valuation date under the plan.

''(2) EXCLUSION OF ASSETS HELD THROUGH POOLED INVESTMENT VEHICLES.—Employer securities and employer real property held through an investment option of the plan which is not designed to invest primarily in employer securities or employer real property shall not be taken under paragraph (1) is determining the percentage of assets that consist of employer securities and employer real property.

''(3) APPLICATION.—

''(A) IN GENERAL.—This subsection shall apply to any individual account plan which—

''(i) holds employer securities which are readily tradable on an established securities market, and

''(ii) permits a participant or beneficiary to exercise control over assets in the individual's account.

''(B) EXCEPTION FOR ESOPS.—This subsection shall not apply to an employee stock ownership plan (as defined in section 4795(e)(7)) of the Internal Revenue Code of 1986) if the plan has no contributions which are subject to section 401 (k) or (m) of such Code.

''(4) EMPLOYER SECURITIES AND REAL PROPERTY.—For purposes of this subsection, the terms 'employer securities' and 'employer real property' have the meanings given such terms by paragraphs (1) and (2) of section 407(d), respectively.''

(b) PENALTY.—Section 502 of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1132) is amended—

(1) in subsection (a)(6), by striking ''(6), or (7)'' and inserting ''(6), (7), or (8)'',

(2) by redesignating paragraph (8) of subsection (c) as paragraph (9), and

(3) by inserting after paragraph (7) the following new paragraph:

''(8) The Secretary may assess a civil penalty against a plan administrator of up to $100 a day from the date of the plan administrator's failure or refusal to provide notice to participants and beneficiaries in accordance with section 105(e). For purposes of this paragraph, each violation with respect to any single participant or beneficiary shall be treated as a separate violation.''

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to plan years beginning after December 31, 2003.

SEC. 2. TREATMENT OF QUALIFIED RETIREMENT PLANNING SERVICES.

(a) IN GENERAL.—Subsection (m) of section 132 of the Internal Revenue Code of 1986 (defining qualified retirement services) is amended by redesignating paragraphs (2) and (3) as paragraphs (5) and (6), respectively, and by inserting after paragraph (1) the following:

''(2) LIMITATIONS.—

''(A) DOLLAR LIMITATION.—The aggregate amount which may be excluded with respect to qualified retirement planning services provided to any individual during a taxable year shall not exceed $1,500.

''(B) ADJUSTED GROSS INCOME.—No amount may be excluded with respect to qualified retirement planning services provided during a taxable year if the modified adjusted gross income of the taxpayer for such taxable year exceeds $100,000 ($200,000 in the case of married individuals filing a joint return). For purposes of this subparagraph, the term 'modified adjusted gross income' means adjusted gross income, determined without regard to this section and sections 911, 931, and 933.

''(3) CASH REIMBURSEMENTS.—For purposes of this subsection, the term 'qualified retirement planning services' includes a cash reimbursement by an employer to an employee for a benefit described in paragraph (1).

''(4) NO CONSTRUCTIVE RECEIPT.—No amount shall be included in the gross income of any employee solely because the employee may choose between any qualified retirement planning services provided by a qualified investment advisor and compensation which would otherwise be includible in the gross income of such employee. The preceding sentence shall apply to highly compensated employees only if the choice described in such sentence is available on substantially the same terms to each member of the group of employees normally provided education and information regarding the employer's qualified employer plan.''

(b) CONFORMING AMENDMENTS.—

(1) Section 403(b)(3)(B) of such Code is amended by inserting ''132(m)(4),'' after ''132(f)(4),''.

(2) Section 414(s)(2) of such Code is amended by inserting ''132(m)(4),'' after ''132(f)(4),''.

(3) Section 415(c)(3)(D)(ii) of such Code is amended by inserting ''132(m)(4),'' after ''132(f)(4),''.

(c) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 2003.

By Mr. GRASSLEY (for himself, Mr. BAUCUS, Mr. SMITH, Mr. ROCKEFELLER, Mr. HATCH, Mr. CONRAD, Mr. BUNNING, Mr. GRAHAM of Florida, Mr. SANTORUM, Mr. JEFFORDS, and Mr. BREAUX):

S. 1896. A bill to provide extensions for certain expiring provisions of the Internal Revenue Code of 1986, and for other purposes; to the Committee on Finance.

Mr. GRASSLEY. Mr. President, I ask unanimous consent that the text of the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1896

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE; AMENDMENT OF 1986 CODE.

(a) SHORT TITLE.—This Act may be cited as the ''Tax Relief Extension Act of 2003''.

(b) AMENDMENT OF 1986 CODE.—Except as otherwise expressly provided, whenever in this Act an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Internal Revenue Code of 1986.

TITLE I—EXTENSIONS OF CERTAIN EXPIRING PROVISIONS

SEC. 101. PARITY IN THE APPLICATION OF CERTAIN LIMITS TO MENTAL HEALTH BENEFITS.

(a) IN GENERAL.—Paragraph (2) of section 9812(f) is amended by striking ''December 31, 2003'' and inserting ''June 30, 2004''.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall take effect on January 1, 2004.

SEC. 102. CREDIT FOR ELECTRICITY PRODUCED FROM CERTAIN RENEWABLE RESOURCES.

(a) IN GENERAL.—Subparagraphs (A), (B), and (C) of section 45(c)(3) are each amended by striking ''January 1, 2004'' and inserting ''July 1, 2004''.

(b) EFFECTIVE DATE.—The amendments made by subsection (a) shall apply to facilities placed in service after December 31, 2003.

SEC. 103. WORK OPPORTUNITY CREDIT.

(a) IN GENERAL.—Subparagraph (B) of section 51(c)(4) is amended by striking ''December 31, 2003'' and inserting ''June 30, 2004''.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to individuals who begin work for the employer after December 31, 2003.

SEC. 104. WELFARE-TO-WORK CREDIT.

(a) IN GENERAL.—Subsection (f) of section 51A is amended by striking ''December 31, 2003'' and inserting ''June 30, 2004''.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to individuals who begin work for the employer after December 31, 2003.

SEC. 105. TAXABLE INCOME LIMIT ON PERCENTAGE DEPLETION FOR OIL AND NATURAL GAS PRODUCED FROM MARGINAL PROPERTIES.

(a) IN GENERAL.—Subparagraph (H) of section 613A(c)(6) is amended—

(1) by striking ''January 1, 2004'' and inserting ''July 1, 2004'', and

(2) by adding at the end the following new sentence: ''In the case of any taxable year beginning after December 31, 2003, which includes June 30, 2004, any increase in the allowance for depletion by reason of this subparagraph shall be equal to the amount which bears the same ratio to the increase in such allowance determined without regard to this sentence as the number of days in the taxable year before July 1, 2004, bears to the total number of days in such taxable year.''.

(b) EFFECTIVE DATE.—The amendments made by subsection (a) shall apply to taxable years beginning after December 31, 2003.

SEC. 106. QUALIFIED ZONE ACADEMY BONDS.

(a) IN GENERAL.—Paragraph (1) of section 1397E(e) is amended by inserting ''$200,000,000 for the period beginning after December 31, 2003, and before July 1, 2004,'' after ''2003,''.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to obligations issued after December 31, 2003.

SEC. 107. COVER OVER OF TAX ON DISTILLED SPIRITS.

(a) IN GENERAL.—Paragraph (1) of section 7652(f) is amended by striking ''January 1, 2004'' and inserting ''July 1, 2004''.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to articles brought into the United States after December 31, 2003.

SEC. 108. DEDUCTION FOR CORPORATE DONATIONS OF COMPUTER TECHNOLOGY.

(a) EXTENSION OF DEDUCTION.—Section 170(e)(6)(G) (relating to termination) is amended by striking ''contribution made during any taxable year beginning after December 31, 2003'' and inserting ''contribution made after June 30, 2004''.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to contributions made after December 31, 2003.

SEC. 109. CREDIT FOR QUALIFIED ELECTRIC VEHICLES.

(a) IN GENERAL.—Section 30 is amended—

(1) in subsection (b)(2)—

(A) by striking ''December 31, 2003,'' and inserting ''June 30, 2004,'',

(B) in subparagraph (A), by striking ''calendar year 2004'' and inserting ''after June 30, 2004, and before July 1, 2005'',

(C) in subparagraph (B), by striking ''calendar year 2005'' and inserting ''after June 30, 2005, and before July 1, 2006'', and

(D) in subparagraph (C), by striking ''calendar year 2006'' and inserting ''after June 30, 2006, and before July 1, 2007'', and

(2) in subsection (e), by striking ''December 31, 2006'' and inserting ''June 30, 2007''.

(b) CONFORMING AMENDMENT.—Clause (iii) of section 280F(a)(1)(C) is amended by striking ''January 1, 2007'' and inserting ''July 1, 2007''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to property placed in service after December 31, 2003.

SEC. 110. DEDUCTION FOR CLEAN-FUEL VEHICLES AND CERTAIN REFUELING PROPERTY.

(a) IN GENERAL.—Section 179A is amended—

(1) in subsection (b)(1)(B)—

(A) by striking ''December 31, 2003,'' and inserting ''June 30, 2004,'',

(B) in clause (i), by striking ''calendar year 2004'' and inserting ''after June 30, 2004, and before July 1, 2005'',

(C) in clause (ii), by striking ''calendar year 2005'' and inserting ''after June 30, 2005, and before July 1, 2006'', and

(D) in clause (iii), by striking ''calendar year 2006'' and inserting ''after June 30, 2006, and before July 1, 2007'', and

(2) in subsection (f), by striking ''December 31, 2006'' and inserting ''June 30, 2007''.

(b) EFFECTIVE DATE.—The amendments made by subsection (a) shall apply to property placed in service after December 31, 2003.

SEC. 111. DEDUCTION FOR CERTAIN EXPENSES OF SCHOOL TEACHERS.

(a) IN GENERAL.—Subparagraph (D) of section 62(a)(2) is amended—

(1) by inserting ''and the period beginning after December 31, 2003, and before July 1, 2004,'' after ''2003,'', and

(2) by inserting ''for each taxable year or $125 for such period'' after ''$250''.

(b) EFFECTIVE DATE.—The amendments made by subsection (a) shall apply to expenses paid or incurred after December 31, 2003.

SEC. 112. AVAILABILITY OF MEDICAL SAVINGS ACCOUNTS.

(a) IN GENERAL.—Paragraphs (2) and (3)(B) of section 220(i) (defining cut-off year) are each amended by striking ''2003'' each place it appears and inserting ''2004''.

(b) CONFORMING AMENDMENTS.—

(1) Paragraph (2) of section 220(j) is amended by striking ''1998, 1999, 2001, or 2002'' each place it appears and inserting ''1998, 1999, 2001, 2002, or 2003''.

(2) Subparagraph (A) of section 220(j)(4) is amended by striking ''and 2002'' and inserting ''2002, and 2003''.

(c) EFFECTIVE DATE.—The amendments made by this section shall take effect on January 1, 2004.

SEC. 113. EXPENSING OF ENVIRONMENTAL REMEDIATION COSTS.

(a) EXTENSION OF TERMINATION DATE.—Subsection (h) of section 198 is amended by striking ''December 31, 2003'' and inserting ''June 30, 2004''.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to expenditures paid or incurred after December 31, 2003.

SEC. 114. EXPANSION OF WOTC TO NEW YORK LIBERTY ZONE.

(a) IN GENERAL.—Subclause (I) of section 1400L(a)(2)(D)(iv) is amended by inserting ''or the period beginning after December 31, 2003, and before July 1, 2004'' after ''2003''.

(b) CONFORMING AMENDMENT.—Subclause (II) of section 1400L(a)(2)(D)(iv) is amended by inserting ''or period described in subclause (I)'' after ''year''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to individuals who begin work for the employer after December 31, 2003.

SEC. 115. TEMPORARY SPECIAL RULES FOR TAXATION OF LIFE INSURANCE COMPANIES.

(a) IN GENERAL.—Subsection (j) of section 809 is amended by striking ''or 2003'' and inserting ''2003, or 2004''.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to taxable years beginning after December 31, 2003.

SEC. 116. TAX INCENTIVES FOR INVESTMENT IN THE DISTRICT OF COLUMBIA.

(a) DESIGNATION OF ZONE.—Subsection (f) of section 1400 is amended by striking ''December 31, 2003'' both places it appears and inserting ''June 30, 2004''.

(b) TAX-EXEMPT ECONOMIC DEVELOPMENT BONDS.—Subsection (b) of section 1400A is amended by striking ''December 31, 2003'' and inserting ''June 30, 2004''.

(c) ZERO PERCENT CAPITAL GAINS RATE.—

(1) IN GENERAL.—Subsection (b) of section 1400B is amended by striking ''January 1, 2004'' each place it appears and inserting ''July 1, 2004''.

(2) CONFORMING AMENDMENTS.—

(A) Section 1400B(e)(2) is amended—

(i) by striking ''December 31, 2008'' and inserting ''June 30, 2009'', and

(ii) by striking ''2008'' in the heading and inserting ''JUNE 2009''.

(B) Section 1400B(g)(2) is amended by striking ''December 31, 2008'' and inserting ''June 30, 2009''.

(C) Section 1400F(d) is amended by striking ''December 31, 2008'' and inserting ''June 30, 2009''.

(d) FIRST-TIME HOMEBUYER CREDIT.—Subsection (i) of section 1400C is amended by striking ''January 1, 2004'' and inserting ''July 1, 2004''.

(e) EFFECTIVE DATE.—The amendments made by this section shall take effect on January 1, 2004.

SEC. 117. COMBINED EMPLOYMENT TAX REPORTING PROGRAM.

(a) IN GENERAL.—Paragraph (1) of section 976(b) of the Taxpayer Relief Act of 1997 is amended by striking ''for a period ending with the date which is 5 years after the date of the enactment of this Act'' and inserting ''during the period ending before July 1, 2004''.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to disclosures on or after the date of the enactment of this Act.

TITLE II—REVENUE PROVISIONS

SEC. 201. ADDITION OF VACCINES AGAINST HEPATITIS A TO LIST OF TAXABLE VACCINES.

(a) IN GENERAL.—Section 4132(a)(1) (defining taxable vaccine) is amended by redesignating subparagraphs (I), (J), (K), and (L) as subparagraphs (J), (K), (L), and (M), respectively, and by inserting after subparagraph (H) the following new subparagraph:

''(I) Any vaccine against hepatitis A.''.

(b) CONFORMING AMENDMENT.—Section 9510(c)(1)(A) is amended by striking ''October 18, 2000'' and inserting ''the date of the enactment of the Tax Relief Extension Act of 2003''.

(c) EFFECTIVE DATE.—

(1) SALES, ETC.—The amendments made by this section shall apply to sales and uses on or after the first day of the first month which begins more than 4 weeks after the date of the enactment of this Act.

(2) DELIVERIES.—For purposes of paragraph (1) and section 4131 of the Internal Revenue Code of 1986, in the case of sales on or before the effective date described in such paragraph for which delivery is made after such date, the delivery date shall be considered the sale date.

SEC. 202. ADDITION OF VACCINES AGAINST INFLUENZA TO LIST OF TAXABLE VACCINES.

(a) IN GENERAL.—Section 4132(a)(1) (defining taxable vaccine), as amended by this Act, is amended by adding at the end the following new subparagraph:

''(N) Any trivalent vaccine against influenza.''.

(b) EFFECTIVE DATE.—

(1) SALES, ETC.—The amendment made by this section shall apply to sales and uses on or after the later of—

(A) the first day of the first month which begins more than 4 weeks after the date of the enactment of this Act, or

(B) the date on which the Secretary of Health and Human Services lists any vaccine against influenza for purposes of compensation for any vaccine-related injury or death through the Vaccine Injury Compensation Trust Fund.

(2) DELIVERIES.—For purposes of paragraph (1) and section 4131 of the Internal Revenue Code of 1986, in the case of sales on or before the effective date described in such paragraph for which delivery is made after such date, the delivery date shall be considered the sale date.

SEC. 203. EXTENSION OF TRANSFERS OF EXCESS PENSION ASSETS TO RETIREE HEALTH ACCOUNTS.

(a) AMENDMENT OF INTERNAL REVENUE CODE OF 1986.—Paragraph (5) of section 420(b) (relating to expiration) is amended by striking ''December 31, 2005'' and inserting ''December 31, 2013''.

(b) AMENDMENTS OF ERISA.—

(1) Section 101(e)(3) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1021(e)(3)) is amended by striking ''Tax Relief Extension Act of 1999'' and inserting ''Tax Relief Extension Act of 2003''.

(2) Section 403(c)(1) of such Act (29 U.S.C. 1103(c)(1)) is amended by striking ''Tax Relief Extension Act of 1999'' and inserting ''Tax Relief Extension Act of 2003''.

(3) Paragraph (13) of section 408(b) of such Act (29 U.S.C. 1108(b)(3)) is amended—

(A) by striking ''January 1, 2006'' and inserting ''January 1, 2014'', and

(B) by striking ''Tax Relief Extension Act of 1999'' and inserting ''Tax Relief Extension Act of 2003''.

SEC. 204. EXTENSION OF IRS USER FEES.

(a) IN GENERAL.—Section 7528(c) (relating to termination) is amended by striking ''December 31, 2004'' and inserting ''December 31, 2011''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to requests after the date of the enactment of this Act.

By Mrs. DOLE:

S.J. Res. 25. A joint resolution proposing an amendment to the Constitution of the United States relative to the line item veto; to the Committee on the Judiciary.

Mrs. DOLE. Mr. President, I ask unanimous consent that the text of the bill be printed in the RECORD.

There being no objection, the joint resolution was ordered to be printed in the RECORD, as follows:

S. J. RES. 25

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled (two-thirds of each House concurring therein), That the following article is proposed as an amendment to the Constitution of the United States, which shall be valid to all intents and purposes as part of the Constitution when ratified by the legislatures of three-fourths of the several States within seven years after the date of its submission by the Congress:

''ARTICLE—

''SECTION 1. Congress shall have the power to enact a line-item veto.''.

AMENDMENTS SUBMITTED & PROPOSED

SA 2203. Mr. THOMAS (for Mr. SPECTER (for himself and Mr. GRAHAM, of Florida)) proposed an amendment to the bill S. 1156, to amend title 38, United States Code, to improve and enhance the provision of health care for veterans, to authorize major construction projects and other facilities matters for the Department of Veterans Affairs, to enhance and improve authorities relating to the administration of personnel of the Department of Veterans Affairs, and for other purposes.

SA 2204. Mr. THOMAS (for Mr. SPECTER) proposed an amendment to the bill S. 1156, supra.

SA 2205. Mr. THOMAS (for Mr. SPECTER (for himself and Mr. GRAHAM, of Florida)) proposed an amendment to the bill H.R. 2297, to amend title 38, United States Code, to improve benefits under laws administered by the Secretary of Veterans Affairs, and for other purposes.

SA 2206. Mr. SPECTER submitted an amendment intended to be proposed by him to the bill S. 671, to amend the Harmonized Tariff Schedule of the United States to modify temporarily certain rates of duty, to make other technical amendments to the trade laws, and for other purposes; which was ordered to lie on the table.

TEXT OF AMENDMENTS

SA 2203. Mr. THOMAS (for Mr. SPECTER (for himself and Mr. GRAHAM of Florida)) proposed an amendment to the bill S. 1156, to amend title 38, United States Code, to improve and enhance the provision of health care for veterans, to authorize major construction projects and other facilities matters for the Department of Veterans Affairs, to enhance and improve authorities relating to the administration of personnel of the Department of Veterans Affairs, and for other purposes; as follows:

Strike all after the enacting clause and insert the following:

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the ''Veterans Health Care, Capital Asset, and Business Improvement Act of 2003''.

(b) TABLE OF CONTENTS.—The table of contents for this Act is as follows: